

**Winn Community Health Center, Inc.**  
**Winnfield, Louisiana**  
**Annual Financial Report**  
**As of and for the Year Ended December 31, 2010**

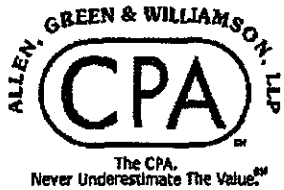
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **SEP 21 2011**

**Winn Community Health Center, Inc.  
Winnfield, Louisiana**

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# ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive  
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4684

Toll-free: (888) 741-0205

[www.allengreencpa.com](http://www.allengreencpa.com)

Tim Green, CPA  
Margie Williamson, CPA  
Amy Tynes, CPA

Aimee Buchanan, CPA  
Rachel Davis, CPA  
Jaime Esswein, CPA  
Diane Ferschoff, CPA  
Joshua Legg, CPA  
Brian McBride, CPA  
Jaunicia Mercer, CPA  
Cindy Thomason, CPA

Ernest L. Allen, CPA  
(Retired) 1963 - 2000

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Winn Community Health Center, Inc.  
Winnfield, Louisiana

We have audited the accompanying statement of financial position of Winn Community Health Center, Inc., a nonprofit organization, as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Health Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Health Center, as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2011 on our consideration of the Health Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Health Center taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Allen, Green + Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
June 15, 2011

WINN COMMUNITY HEALTH CENTER, INC.

STATEMENT OF FINANCIAL POSITION  
December 31, 2010

Statement A

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 289,964
Investments	10,000
Receivables, net of allowance	24,196
Prepaid expenses	9,555
Deposits	<u>2,108</u>

Total current assets 335,823

Capital Asset Net of Depreciation 669,960

TOTAL ASSETS 1,005,783

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	116,616
Mortgage note payable - short term	<u>208,000</u>

TOTAL CURRENT LIABILITIES 324,616

NET ASSETS

Unrestricted net assets:	
Capital assets	669,960
Operating	<u>11,207</u>

Total net assets 681,167

TOTAL LIABILITIES AND NET ASSETS \$ 1,005,783

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WINN COMMUNITY HEALTH CENTER, INC.

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2010

Statement B

	<u>UNRESTRICTED</u>
REVENUES, GAINS AND OTHER SUPPORT:	
Net patient service revenue	\$ 348,845
Grant revenue	1,166,415
Other miscellaneous revenue	<u>140</u>
Total revenues, gains and other support	<u>1,515,400</u>
EXPENSES AND LOSSES:	
Direct program expenses	<u>890,067</u>
Supporting Services Expense	
Office and administrative expenses	175,507
Provision for bad debt	13,776
Interest and Bank fees	10,563
Depreciation expense	6,742
Loss on asset disposal	<u>668</u>
Total supporting services expense	<u>207,254</u>
Total expenses and losses	<u>897,321</u>
Change in net assets	618,079
NET ASSETS - BEGINNING OF YEAR	<u>63,088</u>
NET ASSETS - END OF YEAR	<u>\$ 681,167</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WINN COMMUNITY HEALTH CENTER, INC.

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2010

Statement C

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 618,079
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation expense	6,742
(Increase) decrease in:	
Patient receivable	20,770
Prepaid expenses and deposits	7,748
(Decrease) increase in:	
Accounts payable	293,298
Unearned income	<u>(10,935)</u>
Net cash provided (used) by operating activities	935,702
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(640,796)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase investments in LCPA	<u>(10,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	284,906
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,058</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 289,964</u>
Interest Paid	<u>\$ 8,173</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Winn Community Health Center, Inc.**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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**Winn Community Health Center, Inc.**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Corporate Purpose** Winn Community Health Center was organized without capital stock under Louisiana laws on November 8, 2006, as a non-profit corporation for the purpose of operating one or more community health centers for the public and/or providing medical care or medical education for the benefit of the public. The Board of Directors of Winn Community Health Center is comprised of eleven members who serve without paid compensation.

**Income Taxes** Winn Community Health Center is qualified as an organization exempt from Federal income taxes pursuant to Paragraph 501(c)(3) of the Internal Revenue Code. No provision for income taxes is necessary.

The Health Centers Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2009 and 2010 are subject to examination by the IRS, generally for 3 years after they were filed.

**Fiscal Cycle** Winn Community Health Center's fiscal year is January 1<sup>st</sup> through December 31<sup>st</sup>.

**Budgetary Planning and Control** Once Winn Community Health Center determines the activities to undertake for the coming year(s), the budget is prepared to translate those goals, objectives, and plans into revenue and expense figures. The Chief Executive Officer develops the budget in collaboration with the executive staff with input obtained from others such as other senior management. The governing board's finance committee reviews and approves both the operating and capital expense budgets. Once approved, the budgets are submitted to the full board for review and approval. Budgets are reviewed quarterly and revised if deemed necessary. A continuing actual to budget comparison is prepared monthly with year-to-date figures in adequate detail to provide basic comparative data to staff responsible for expenses or revenues.

**Cash and Cash Equivalents** For purposes of the statement of cash flows, Winn Community Health Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Revenues** Winn Community Health Center receives income from patient billings and federal sources.

**Use of Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Rental of Facilities** Winn Community Health Center leased a building through October 31, 2010. The rent for the period ending December 31, 2010 was \$22,000.

**Net Patient Service Revenue** Net patient service revenue is patient revenue reported at Winn Community Health Center established rates less contractual adjustments and policy discounts. Retroactive adjustments arising under reimbursement agreements with third-party payers are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**Winn Community Health Center, Inc.**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

Winn Community Health Center has agreements with third-party payers that provide reimbursement to the Health Center at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Health Center's rates for services and amounts reimbursed by third-party payers. A summary of the basis of reimbursement with major third-party payers follows:

Medicare - Fee For Service – Reimbursed on one rate regardless of the services provided.

Medicaid - Fee For Service - Reimbursed on one rate regardless of the services provided.

Blue Cross - Fee For Service - Reimbursed on Blue Cross Fee Schedule.

Commercial - Fee For Service - Reimbursed per contract or per payor's allowable fee schedule.

The following is a summary of contractual and other adjustments to arrive at net patient service revenues for the year ended December 31, 2010:

Gross patient service revenue	\$ 502,857
Less contractual adjustments	
Medicare	(9,762)
Medicaid	3,790
Other third parties	(148,040)
Net patient service revenue	<u>\$ 348,845</u>

**Property, Plant, and Equipment** Property and equipment acquisitions exceeding \$500 each are recorded at cost. Property and equipment donated for the Winn Community Health Center operations are valued at their fair market value as of the date received.

All exhaustible property and equipment are shown in the accompanying financial statements at their original costs, less accumulated depreciation. Depreciation is recorded on the straight-line method over the useful lives as follows:

Land improvements	10-30 years
Buildings	15-40 years
Fixed equipment	5-20 years
Major moveable equipment	3-20 years

**Compensated Absences** The policy states the following:

The amount of paid time off (PTO) accrual or credit is based on the number of years of continuous service as shown in the following schedule:

<u>LENGTH OF SERVICE</u>	<u>PTO DAYS EARNED</u>
1-2 years	1 week
3-5 years	2 weeks
6-9 years	3 weeks
10 or more years	4 weeks

In addition each employee will receive one day per month that can be used for personal or sick leave.

**Winn Community Health Center, Inc.**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

An employee must work one full year before any vacation leave is accrued. Vacation time is accrued at each employee's anniversary date.

All regular full-time employees are eligible for holiday pay at their regular base rate for holidays on which the Health Center is normally closed.

Up to 10 days leave may be carried over from one year to the next. Leave accrued in excess of thirty days will be lost at the end of the calendar year.

If employees terminate employment and have accrued but unused vacation days, they will be paid for those days on their final paycheck. Unused sick/personal days will be forfeited.

Winn Community Health Center offers a benefit plan which includes health insurance coverage for employees and dependents. The employee's premium is paid 100% by the Health Center and any dependent coverage is paid 100% by the employee. Winn Community Health Center also pays 100% of the cost of life insurance for each employee.

**NOTE 2 - DEPOSITS** At December 31, 2010, the Health Center had cash and cash equivalents (book balances) totaling \$289,964 in demand deposits. Deposits are stated at cost, which approximates fair value. These deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year end, the Health Centers' carrying amount of deposits was \$289,964 and the bank balance was \$305,637. Of the bank balance, \$305,637 was covered by federal deposit insurance.

**NOTE 3 - INVESTMENTS** The investment is five shares of stock in the Louisiana Partnership for Choice and Access, LLC which is an HMO set up by the Louisiana Primary Care Association with a private partner. The Clinic's risk is limited to the \$10,000 they have invested. FASB ASC 820, Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consists of unadjusted quoted prices in the active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Health Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Health Center measures the fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Health Center, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available. The stock is not actively traded and significant other observable inputs are not available. Thus, the investment is reported at cost. There is no gain or loss reported for this investment in the current year.

**NOTE 4 - ACCOUNTS RECEIVABLE** Accounts receivable, net of allowance was \$24,196 at December 31, 2010, and consists of amounts due for patient billings. The allowance for doubtful accounts was \$13,776 at December 31, 2010.

**Winn Community Health Center, Inc.**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT** The balances and changes in property, plant, and equipment as of and for the year ended December 31, 2010 are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Asset type:				
Land	\$ -	\$ 25,000	\$ -	\$ 25,000
Buildings	-	601,102	-	601,102
Furniture and equipment	39,731	15,372	727	54,376
Vehicles	-	-	-	-
Total	<u>39,731</u>	<u>641,474</u>	<u>727</u>	<u>680,478</u>
Accumulated depreciation:				
Buildings	-	1,252	-	1,252
Furniture and equipment	3,837	5,490	61	9,266
Vehicles	-	-	-	-
Total	<u>3,837</u>	<u>6,742</u>	<u>61</u>	<u>10,518</u>
Total Property, Plant Equipment	<u>\$ 35,894</u>	<u>\$ 634,732</u>	<u>\$ 666</u>	<u>\$ 669,960</u>

**NOTE 6 - COMMITMENTS AND CONTINGENCIES** The Health Center participates in a federally assisted program. Although the grant program has been audited in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133 through December 31, 2010, this program is still subject to compliance audits. Health Center management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**NOTE 7 - MORTGAGE NOTE** In 2010, the Health Center purchased a new building and financed it through a mortgage payable at the Bank of Winnfield. The cost of the new building was \$208,000 and the purchase was financed through a short term bank loan for six months. The short term note was paid off in January 2011. The annual interest rate was 6%. The due date of the note was November 13, 2010.

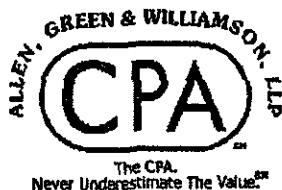
**NOTE 8 - CONCENTRATIONS** The Health Center receives a Consolidated Health Centers - ARRA grant from the Department of Health and Human Services. The total received on the grant for the year ended December 31, 2010 was \$914,070 which was 60.3% of total revenue received. The grant is a three year grant from March 2009 through February 2012.

**NOTE 9 - ACCOUNTS AND SALARIES PAYABLE** Accounts payable consists of the following:

Accounts payable	\$ 86,214
Interest payable	8,138
Salaries payable	<u>22,264</u>
Total	<u>\$ 116,616</u>

**NOTE 10 - SUBSEQUENT EVENTS** The Health Center purchased \$40,000 of dental equipment after year end. Subsequent events were evaluated through the date of the financial statements, June 15, 2011.

**NOTE 11 - NET ASSET RESERVE** The Health Center established a reserve account to be funded from program income on a monthly basis beginning in July 2010. The amount of the monthly contribution to the account is determined by the Finance Committee. At December 31, 2010 the reserve was \$21,000.



## ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive  
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205

[www.allengreencpa.com](http://www.allengreencpa.com)

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Jaunicia Mercer, CPA  
Cindy Thomason, CPA

Ernest L. Allen, CPA  
(Retired) 1963 - 2000

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

The Board of Directors  
Winn Community Health Center, Inc.  
Winnfield, Louisiana

We have audited the financial statements of Winn Community Health Center (a non-profit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Health Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Health Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance & Other Matters

As part of obtaining reasonable assurance about whether the Health Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

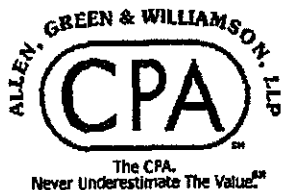
This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

June 15, 2011



# ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive

Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

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www.allengreencpa.com

Tim Green, CPA  
Margie Williamson, CPA  
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Rachel Davis, CPA  
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Joshua Legg, CPA  
Brian McBride, CPA  
Jannicia Mercer, CPA  
Cindy Thomason, CPA

Ernest L. Alka, CPA  
(Retired) 1963 - 2006

## **Report on Compliance With Requirements That Could Have A Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

### **Independent Auditor's Report**

The Board of Directors  
Winn Community Health Center, Inc.  
Winnfield, Louisiana

#### **Compliance**

We have audited the compliance of Winn Community Health Center, Inc. (a non-profit organization) with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The Health Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Health Center's management. Our responsibility is to express an opinion on the Health Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Health Center's compliance with those requirements.

In our opinion, the Health Center complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

#### Internal Control Over Compliance

Management of the Health Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Health Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 10-F1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

The Health Center's response to the finding identified in our audit is described in the accompanying Corrective Action Plan for Findings and Questioned Costs. We did not audit the Health Center's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
June 15, 2011



**Winn Community Health Center, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2010**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA <u>Number</u>	Pass-Through <u>Grantor No.</u>	<u>Expenditures</u>
<b>CASH FEDERAL AWARDS</b>			
Department of Health and Human Services			
Direct Programs:			
ARRA - Health Center Program	93.703	H8ACSI1408	\$ 609,538
ARRA - Increase Services to Health Centers	93.703	H8BCSI1982	54,532
ARRA - Capital Improvement Program	93.703	C81CSI4220	250,000
Total Department of Health and Human Services			<u>914,070</u>
Total Expenditures Federal Awards			<u>\$ 914,070</u>

**Winn Community Health Center, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2010**

**NOTE 1 - GENERAL** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Winn Community Health Center. The Winn Community Health Center reporting entity is defined in Note 1 to the Winn Community Health Center basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

**NOTE 2 - BASIS OF ACCOUNTING** The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**NOTE 3 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS** Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

**NOTE 4 - MATCHING REVENUES** For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**Winn Community Health Center, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2010**

**PART I - Summary of the Auditors' Results**

**Financial Statement Audit**

- i. The type of audit report issued was unqualified.
- ii. There were no significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

**Audit of Federal Awards**

- iv. There was one significant deficiency required to be disclosed by OMB Circular A-133. The significant deficiency was not considered to be a material weakness.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed one audit finding which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal program is:  
  
CFDA# 93.703 ARRA-Health Center Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular A-133, Section .530.

**Winn Community Health Center, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2010**

**PART III-Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Section (a):**

**Reference # and title:**                **10-F1**                                **Procurement, Suspension and Debarment**

**Federal program and specific federal award identification:** This finding relates to ARRA Health Center Program: CFDA #93.703 from federal agency Department of Health and Human Services Health Resources and Services Administration for award year 2009.

**Criteria or specific requirement:** Federal Regulations require that entities receiving federal funds should determine that the entity is not purchasing items or services from any vendor or individual that is considered suspended or debarred by the Federal government. Therefore, the entity should verify through the EPLS system, collect a certification from the vendor or add a clause in the contract with the vendor ensuring that the vendor is not suspended or debarred.

**Condition found:** The Health Center does not have procedures in place to verify that the vendors they are purchasing from are not suspended or debarred.

**Possible asserted effect(cause and effect):**

**Cause:** Unknown

**Effect:** The Health Center could have purchased from a vendor or vendors who were suspended or debarred.

**Recommendation to prevent future occurrences:** The Health Center should establish procedures to verify that their vendors are not suspended or debarred.

**Winn Community Health Center, Inc.  
Summary Status of Prior Year Audit Findings and Questioned Costs  
December 31, 2010**

**Reference # and title:**            **09-F1**                            **Capital Assets Accounting**

**Entity –Wide or program/department specific:** This finding is entity wide.

**Condition:** Proper internal controls require that the Health Center maintain a comprehensive list of all capital assets and record the depreciation of each appropriately based on the estimated useful life of each asset. Also, all assets should be tagged to aid in identifying and tracking the assets.

In the testing of assets in the clinic to the depreciation schedule, eight assets were found which were not listed on the schedule and 14 assets were not tagged. Also, there were two assets on the schedule which were duplicates of another asset. An adjustment of \$15,377 in cost and \$1,495 in depreciation expense had to be recorded in order to correct the financials to the correct balances. In addition, all assets had been set up to depreciate over five years whereas the actual useful lives of several of the medical assets were up to fifteen years.

**Corrective action taken:** Winn Community Health Center, Inc. has obtained a copy of the "Estimated Useful Lives of Depreciable Hospital Assets" and will use it to obtain the depreciable life of each asset purchased. A staff member has been assigned the duties of tagging all capital assets. All assets have been tagged. The CFO will review the Property and Equipment account and compare it to the general ledger to ensure that it balances to the acquisition costs as shown in the depreciation schedule.

**Reference # and title:**            **09-F2**                            **Capital Assets Accounting**

**Federal program and specific federal award identification:** This finding relates to the ARRA Health Center Integrated Services Development Initiative: CFDA# 93.703 from federal agency Department of Health and Human Services Health Resources and Services Administration for award year 2009.

**Condition:** Proper internal controls require that the Health Center maintain a comprehensive list of all capital assets and record the depreciation of each appropriately based on the estimated useful life of each asset. Also, all assets should be tagged to aid in identifying and tracking the assets.

In the testing of assets in the clinic to the depreciation schedule, eight assets were found which were not listed on the schedule and 14 assets were not tagged. Also, there were two assets on the schedule which were duplicates of another asset. An adjustment of \$15,377 in cost and \$1,495 in depreciation expense had to be recorded in order to correct the financials to the correct balances. In addition, all assets had been set up to depreciate over five years whereas the actual useful lives of several of the medical assets were up to fifteen years.

**Corrective action taken:** Winn Community Health Center, Inc. has obtained a copy of the "Estimated Useful Lives of Depreciable Hospital Assets" and will use it to obtain the depreciable life of each asset purchased. A staff member has been assigned the duties of tagging all capital assets. All assets have been tagged. The CFO will review the Property and Equipment account and compare it to the general ledger to ensure that it balances to the acquisition costs as shown in the depreciation schedule.

**Winn Community Health Center, Inc.  
Corrective Action Plan for Findings and Questioned Costs  
December 31, 2010**

**Reference # and title:**                    **10-F1**                    **Procurement, Suspension and Debarment**

**Federal program and specific federal award identification:** This finding relates to ARRA Health Center Program: CFDA #93.703 from federal agency Department of Health and Human Services Health Resources and Services Administration for award year 2009.

**Condition:** Federal Regulations require that entities receiving federal funds should determine that the entity is not purchasing items or services from any vendor or individual that is considered suspended or debarred by the Federal government. Therefore, the entity should verify through the EPLS system, collect a certification from the vendor or add a clause in the contract with the vendor ensuring that the vendor is not suspended or debarred.

The Health Center does not have procedures in place to verify that the vendors they are purchasing from are not suspended or debarred.

**Corrective action planned:** The Chief Financial Officer will monitor vendors with the potential to be paid \$25,000 or more during a fiscal year. When a vendor approaches the \$25,000 limit they will be checked on the EPLS website. The Chief Financial Officer will check the EPLS website for any vendor who submits an invoice of \$25,000 or more to verify that the company is not suspended or debarred. Any bids let will contain a suspension and debarment clause in the bid package.

**Person responsible for corrective action:**

Deano Thornton, Chief Executive Director  
Winn Community Health Center, Inc.  
431 W. Lafayette Street  
Winnfield, LA 71483

Telephone: 318-648-0375  
Fax: 318-648-6560

**Anticipated completion date:** Immediately.